

WAIS, INC.

BOARD MEETING AGENDA

September 23, 1994

10 a.m. – 4 p.m.

10:00 am – 12 noon	Company Business
12 noon – 1:00 pm	Lunch Break
1:00 pm – 1:30 pm	Legal Issues
1:30 pm – 4:00 pm	Publishing Business and Company Structure

WAIS, INC.

BOARD MEETING AGENDA

September 23, 1994

10 a.m. – 4 p.m.

10:00 am – 12 noon	Company Business
12 noon – 1:00 pm	Lunch Break
1:00 pm – 4:00 pm	Publishing Business and Company Structure

WAIS, Inc. Plan 95
Corporate Objectives
September 1, 1994

1. **Evolve the technology to insure that it is current, complete and provides the basis for dominating the Wide Area Network Publishing Industry as measured by:**

PROTOCOLS

- 1.1 Publishing a Protocol Proliferation Plan by August 15, 1994
- 1.2 Publishing a Protocol Design document by August 30, 1994 which addresses how alternative protocols can be integrated or replaced
- 1.3 Submitting a WAIS Z39.50 standard proposal to the standards committee by September 15, 1994
- 1.4 Signing protocol licensing deals which provide WAIS, Inc. with royalty or per unit revenue --
 - Q1 95 2
 - Q2 95 2
 - Q3 95 3
 - Q4 95 3
- 1.5 Releasing version two of the Z39.50 protocol by December 31, 1994

PRODUCTION SERVICES

- 1.6 Publishing a design for a complete "turnkey" wide area network publishing system The design should identify missing components and procedures. The design has the following segments and target dates:
 - a. **Network Publishing Business Process** -- the sequence of events for a customer to bring up a WAIS publishing system, includes steps such as sales steps, prototypes, design effort, database conversion, testing, etc. by August 1, 1994
 - b. **Network Publishing Technical Design.**--the software and hardware components of the system by September 1, 1994
 - c. **Network Publishing Operational Design.**--the daily, weekly and monthly operational processes for the content provider and the WAIS, Inc. data center by September 1, 1994
- 1.7 Having in-house and smoothly operational the first two publishing service bureau operations by September 1, 1994.
- 1.8 Announcing a complete, scalable turnkey publishing capability by September 1, 1994

1.9 Signing and bringing on line new production services deals

	<u>Sign</u>	<u>On-Line</u>	<u>Total</u>
1994	2		
Q1 95	2		
Q2 95	4	2	2
Q3 95	5	2	4
Q4 95	6	4	8

CLIENT TECHNOLOGY

1.10 Identifying by August 1, 1994, five of the top client development companies to target as marketing, co-development and demonstration partners and having signed letter of intent partnership arrangements with at least two by December 31, 1994.

1.11 Developing and having available to market a client tool-kit for Z39.50v2 by September 1, 1994, WAIS Z39.50V2 by March 30, 1995

1.12 Developing or partnering a Client prototype by January 15, 1995 which demonstrates the advantages of the WAIS Z39.50 protocol

1.13 Having a client development partner ship a new client program which incorporates the WAIS Z39.50 protocol by June 30, 1995

SERVER TECHNOLOGY

1.14 Having available for shipment the 2.0 release of the WAIS server by September 30, 1994

1.15 Completing the Network Publishing Technical Design (server release 3.0) by September 1, 1994 (same as 1.6b above)

1.16 Having the server release 3.0 installable by October 31, 1995

2. Achieve 1995 revenue goals as measured by quarterly revenues (1,000's) of:

	<u>Products</u>	<u>Services</u>	<u>Total</u>
Q1 95	\$330	\$170	\$500
Q2 95	\$470	\$230	\$700
Q3 95	\$540	\$260	\$800
Q4 95	..\$670	\$330	\$1,000
totals	\$2,010	\$990	\$3,000

3. Establish a distribution process for products and services which provides WAIS access to key national and international markets as measured by:

3.1 Having in place the telesales process and staff to sell two servers per week by August 10, 1994

3.2 Having the telesales group at a run rate of \$100k per month for the months of October 1994-December 1994

- 3.3 Having the telesales group at a run rate of \$150K per month for the months of January-June 1995
- 3.4 Having signed agreements with six U.S. VARs by January 1, 1995
- 3.5 Having signed agreements with 24 U.S. VARs by June 30, 1995
- 3.6 Having defined and functioning a VAR support process by January 15, 1995
- 3.7 Having signed distribution agreements with at least 3 International Distributor/VARs by January 1, 1995
- 3.8 Having identified and profiled the top 10 Systems Integrators for electronic publishing by January 1, 1995.
- 3.9 Having partnering agreements with at least 3 of the Systems Integrators capable of winning multi-million dollar contracts by January 1, 1995.
- 3.10 Having begun joint design and installation projects with at least two systems integrators (as defined by 3.9) by March 1, 1995.
- 3.12 Having defined the U.S. Federal Government Business Development Process by October 1, 1994 and having consolidated or staffed the office by January 1, 1995.
- 3.13 Having defined a strategy for the telesales role for Production Services by December 1, 1994 for implementation by February 1, 1995.

4. Implement a partnering program which insures focus on appropriate partners as defined by the Partnering Strategy document as measured by:

- 4.1 Signing distribution agreements by December 31, 1994 with international partners who can offer access to the largest Asian and largest European markets.
- 4.2 Obtaining a commitment from at least two significant systems integrators by October 31, 1994 to make the WAIS, Inc. technology a significant component of their electronic publishing integration strategy.

5. Put in place the organizational structure which can take the company through the next two years of rapid growth as measured by:

- 5.1 Hiring a VP/Director of Development by December 1, 1994
- 5.2 Hiring a COO by February 1, 1995 (based upon being ready to expand the Production Services Function, which requires that objectives 1.6, 1.7, and 1.8 have been completed).

WAIS, Inc.
Forecast and Business Update
9/19/94

	Q1	Q2	Q3	Q4	Total
Revenues					
Corporate Objectives	500,000	700,000	800,000	1,000,000	3,000,000
Budget	609,000	517,000	761,000	1,103,000	2,990,000
Current Forecast	<u>938,000</u>	<u>790,000</u>	<u>763,000</u>	<u>1,104,000</u>	<u>3,595,000</u>
Better(worse) -objective	438,000	90,000	(37,000)	104,000	595,000
Better(worse) -Budget	329,000	273,000	2,000	1,000	605,000
Pretax Profit					
Budget	213,000	(16,000)	48,000	330,000	575,000
Current Forecast	<u>613,000</u>	<u>135,000</u>	<u>(41,000)</u>	<u>249,000</u>	<u>956,000</u>
Better(worse)	400,000	151,000	(89,000)	(81,000)	381,000
Cash					
Budget	311,000	177,000	141,000	288,000	
Current Forecast	<u>225,000</u>	<u>558,000</u>	<u>528,000</u>	<u>597,000</u>	
Better(worse)	(86,000)	381,000	387,000	309,000	
Taxes Payable Sept 95					
Budget	230,000				
Current Forecast	<u>421,000</u>				
Better(worse)	(191,000)				

	Q1	Q2	Q3	Q4
New Publishing Services Sold				
Corporate Objectives	2	4	5	6
Current Forecast	2	4	5	6
Better(worse)				
Publishing Services Open				
Corporate Objectives		2	4	8
Current Forecast	2	3	6	7
Better(worse)				

Progress on Corporate Objectives (1= done, 0=not done 1/2= progress made)

1. Evolving the technology	
Protocols	1/2
Production Services	0
Client Technology	0
Server Technology	1
2. Revenue	1
3. Distribution Process	1/2
4. Partnering program	1/2
5. Organizational Structure	N/A

Report 2
19-Sep-94

WAIS, Inc.
FY1995 Balance Sheet Forecast

A/R days: 25

A/R less	100% Jun-94	34% Jul-94	115% Aug-94	100% Sep-94	100% Oct-94	100% Nov-94	100% Dec-94	100% Jan-95	100% Feb-95	100% Mar-95	100% Apr-95	100% May-95	100% Jun-95
Current Assets													
Cash	\$134,341	\$177,899	\$176,637	\$216,799	\$525,323	\$601,486	\$549,513	\$567,054	\$528,783	\$519,540	\$491,455	\$541,318	\$588,914
Accounts Receivable	\$101,023	196,910	171,302	475,000	278,500	130,000	249,500	166,667	282,315	186,481	260,185	278,519	381,019
Deposits & Prepays	5,875	2,395	2,395	2,395	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total Current Assets	241,239	377,204	350,334	694,194	818,823	746,486	814,013	748,720	826,098	721,022	766,640	834,836	984,932
Fixed Assets													
Furniture	4,741	4,741	4,741	4,741	9,741	9,741	9,741	9,741	19,741	19,741	19,741	19,741	19,741
Equipment & Software	81,776	87,403	90,403	90,403	110,403	115,403	115,403	136,403	141,403	141,403	141,403	141,403	141,403
Production Services	3,301	3,301	3,301	3,301	8,301	11,301	26,301	26,301	26,301	41,301	46,301	46,301	61,301
Accumulated Depreciation	(30,053)	(32,652)	(35,333)	(38,015)	(41,392)	(45,074)	(49,172)	(53,854)	(58,675)	(64,079)	(69,622)	(75,165)	(81,125)
Net Fixed Assets	\$59,765	\$62,793	\$63,112	\$60,430	\$87,053	\$91,371	\$102,273	\$118,591	\$128,770	\$138,366	\$137,823	\$132,280	\$141,320
Other Assets	3,815	3,735	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815
Total Assets	\$304,819	\$443,732	\$417,260	\$758,438	\$909,691	\$841,673	\$920,101	\$871,126	\$958,683	\$863,203	\$908,278	\$970,931	\$1,130,068
Current Liabilities													
Accounts Payable	114,206	\$124,559	\$46,128	\$34,513	\$42,741	\$30,403	\$61,114	\$39,613	\$90,566	\$44,816	\$49,239	\$75,339	\$62,489
Accounts Receivable Line of Credit													
Note Payable - B Kahle	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711
Deferred Revenue	79,253	79,235	77,000										
Accrued Income Taxes		56,574	80,420	269,529	332,460	307,960	328,956	316,868	332,973	311,092	328,979	345,062	420,736
Total Current Liabilities	242,170	309,079	252,259	352,753	423,912	387,074	438,780	405,191	472,250	404,619	426,929	469,112	531,936
Shareholders' Equity:													
Paid in Capital	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Current Year Income (Loss)	37,269	72,004	102,353	343,037	423,131	391,950	418,671	403,286	423,784	395,935	418,701	439,170	535,483
Retained Earnings (Deficit)	380	37,649	37,649	37,649	37,649	37,649	37,649	37,649	37,649	37,649	37,649	37,649	37,649
Total Equity	62,649	134,653	165,002	405,686	485,780	454,599	481,320	465,935	486,433	458,584	481,350	501,819	598,132
Total Liabilities & Equity	\$304,819	\$443,732	\$417,260	\$758,438	\$909,691	\$841,673	\$920,101	\$871,126	\$958,683	\$863,203	\$908,278	\$970,931	\$1,130,068

Report 1
19-Sep-94

WAIS, Inc.
FY1995 Income Statement Forecast

	Jul-94	Aug-94	Sep-94	Oct-94	Nov-94	Dec-94	Jan-95	Feb-95	Mar-95	Apr-95	May-95	Jun-95	Total
REVENUE													
Products	\$129,062	\$91,150	\$400,000	\$316,000	\$126,000	\$205,000	\$150,000	\$177,778	\$177,778	\$222,222	\$222,222	\$222,222	\$2,439,434
Government Contract													
Production Services	\$60,000	\$87,600	\$70,000	\$18,200	\$30,000	\$94,400	\$50,000	\$161,000	\$46,000	\$90,000	\$112,000	\$235,000	1,054,200
International			\$100,000										100,000
Total Revenue	189,062	178,750	570,000	334,200	156,000	299,400	200,000	338,778	223,778	312,222	334,222	457,222	3,593,634
COST OF GOODS SOLD													
Subcontractors			937,812			789,600			762,556			1,103,667	3,593,634
Total Cost of Goods			937,812			789,600			762,556			1,103,667	3,593,634
GROSS MARGIN	189,062	178,750	570,000	334,200	156,000	299,400	200,000	338,778	223,778	312,222	334,222	457,222	3,593,634
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Marketing & Sales	10,011	23,208	35,533	43,939	39,573	49,309	46,517	101,096	66,846	63,768	89,868	71,018	640,685
Production Services	12,456	30,625	27,625	36,739	43,637	43,887	43,887	48,271	47,687	47,826	47,826	48,243	478,710
Development	19,278	28,161	37,988	56,637	75,176	98,392	76,976	78,115	85,115	85,115	85,115	85,115	811,180
G&A	19,081	42,561	39,061	53,861	53,294	60,094	60,094	74,694	73,861	74,861	74,861	80,861	707,182
Total Expenses	60,826	124,555	140,207	191,176	211,680	251,683	227,474	302,175	273,508	271,569	297,669	285,236	2,637,757
Net Operating Income(Loss)	128,236	54,195	429,793	143,024	(55,680)	47,717	(27,474)	36,603	(49,730)	40,653	36,553	171,986	955,877
													27%
Interest Income (Expense)	342												342
Pretax Income(Loss)	128,578	54,195	429,793	143,024	(55,680)	47,717	(27,474)	36,603	(49,730)	40,653	36,553	171,986	956,219
Income Taxes	56,574	23,846	189,109	62,931	(24,499)	20,996	(12,088)	16,105	(21,881)	17,887	16,083	75,674	420,736
NET INCOME(LOSS)	\$72,004	\$30,349	\$240,684	\$80,094	(\$31,181)	\$26,722	(\$15,385)	\$20,498	(\$27,849)	\$22,766	\$20,470	\$96,312	\$535,483